



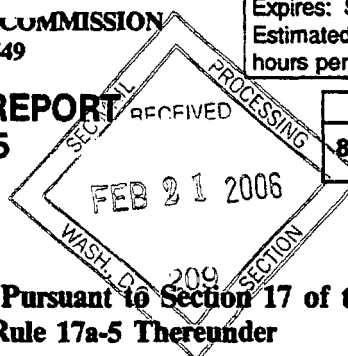
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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

11 3/10

453/9/06

OMB APPROVAL	
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## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING January 1, 2005 AND ENDING December 31, 2005  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Geneve International Corporation

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

28712 Mira Vista

(No. and Street)

Laguna NiguelCalifornia92667

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Paul Abbondante(949) 752-4800

(Area Code -- Telephone No.)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Breard & Associates, Inc., Certified Public Accountants

(Name -- if individual, state last, first, middle name)

9010 Corbin Avenue, Suite 7NorthridgeCalifornia91324

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 22 2006

THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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3-21

## OATH OR AFFIRMATION

I, Paul Abbondante, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Geneve International Corporation, as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

State of California  
County of Orange  
Subscribed and sworn (or affirmed) to before me this 17 day of Jan, 2006

Paul Abbondante  
Signature  
CFO  
Title

[Signature]  
Notary Public

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in ~~Financial Condition~~ Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange } ss.

On Jan 17, 2006, before me, K BAUGHMAN

Date

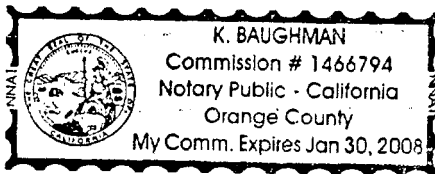
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Paul Abbondante

Name(s) of Signer(s)

☐ personally known to me

☒ proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Place Notary Seal Above

K Baughman  
Signature of Notary Public

## OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

### Description of Attached Document

Title or Type of Document: Annual Audited Report

Document Date: 1-17-06

Number of Pages: 1

Signer(s) Other Than Named Above: \_\_\_\_\_

### Capacity(ies) Claimed by Signer

Signer's Name: \_\_\_\_\_

☐ Individual

☐ Corporate Officer — Title(s): \_\_\_\_\_

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

**RIGHT THUMBPRINT**  
**OF SIGNER**  
Top of thumb here

**BREARD & ASSOCIATES, INC.**  
Certified Public Accountants

Independent Auditor's Report

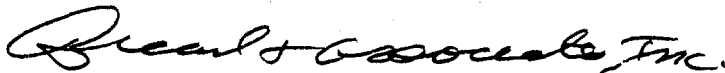
Board of Directors  
Genève International Corporation

We have audited the accompanying statements of financial condition of Genève International Corporation as of December 31, 2005 and the related statements of income, changes in stockholder's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genève International Corporation as of December 31, 2005 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedules I-III is presented for purposes of additional analysis and is not required as part of the basic financial statements, but as supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subject to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relating to the basic financial statements taken as a whole and in conformity with the rules of the Securities and Exchange Commission.



Breard & Associates, Inc.  
Certified Public Accountant

Northridge, California  
January 10, 2006

***We Focus & Care<sup>SM</sup>***

9010 Corbin Avenue, Suite 7  
Northridge, California 91324  
(818) 886-0940 • Fax (818) 886-1924  
[www.baicpa.com](http://www.baicpa.com)

**Genève International Corporation**  
**Statement of Financial Condition**  
**December 31, 2005**

**Assets**

Cash and cash equivalents	<u>\$ 8,453</u>
<b>Total assets</b>	<u><u>\$ 8,453</u></u>

**Liabilities and Stockholder's Equity**

**Liabilities**

Income taxes payable	<u>\$ 800</u>
<b>Total liabilities</b>	800

**Stockholder's equity**

Common stock, 100,000 shares authorized, no par value, 12,750 shares issued and outstanding	12,750
Additional paid-in capital	64,314
Accumulated deficit	<u>(69,411)</u>
<b>Total stockholder's equity</b>	<u>7,653</u>
<b>Total liabilities and stockholder's equity</b>	<u><u>\$ 8,453</u></u>

*The accompanying notes are an integral part of these financial statements.*

**Genève International Corporation**  
**Statement of Income**  
**For the year ended December 31, 2005**

**Revenue**

Management fees	\$ 7,500
Interest income	<u>102</u>
<b>Total revenue</b>	<b>7,602</b>

**Expenses**

Professional fees	2,050
Other operating expenses	<u>3,932</u>
<b>Total expenses</b>	<u><b>5,982</b></u>

<b>Net income (loss) before income tax provision</b>	<b>1,620</b>
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<b>Income tax provision</b>	<u><b>800</b></u>
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<b>Net income (loss)</b>	<u><u><b>\$ 820</b></u></u>
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*The accompanying notes are an integral part of these financial statements.*

**Genève International Corporation**  
**Statement of Changes of Stockholder's Equity**  
**For the year ended December 31, 2005**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, January 1, 2005	\$ 12,750	\$ 64,314	\$ (70,231)	\$ 6,833
Net income (loss)	<u>—</u>	<u>—</u>	<u>820</u>	<u>820</u>
Balance, December 31, 2005	<u>\$ 12,750</u>	<u>\$ 64,314</u>	<u>\$ (69,411)</u>	<u>\$ 7,653</u>

*The accompanying notes are an integral part of these financial statements.*

**Genève International Corporation**  
**Statement of Cash Flows**  
**For the year ended December 31, 2005**

**Cash flows from operating activities:**

Net income (loss)	\$ 820
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities	
Total adjustments	<u>—</u>
Net cash and cash equivalents provided by (used in) operating activities	820

**Cash flows from investing activities:** —

**Cash flows from financing activities:** —

Net increase (decrease) in cash and cash equivalents	820
Cash and cash equivalents at beginning of year	<u>7,633</u>
Cash and cash equivalents at end of year	<u><u>\$ 8,453</u></u>

**Supplemental disclosure of cash flow information:**

Cash paid during the year for

Interest	\$ —
Income taxes	\$ 800

*The accompanying notes are an integral part of these financial statements.*



**Genève International Corporation**  
**Notes to Financial Statements**  
**December 31, 2005**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Genève International Corporation (the "Company") is a California Corporation organized in March 1997, and operates as a registered broker/dealer in securities under the provisions of the Securities Exchange Act of 1934. The Company is a member of the National Association of Securities Dealers, Inc. (NASD) and the Securities Investor Protection Corporation (SIPC). The Company operates from its offices in Laguna Niguel, California.

The Company became a wholly-owned subsidiary of Laguna Beach Asset Management (the "Parent") in a purchase transaction concluded on August 13, 1999.

The Company is a fully disclosed broker/dealer whereby it does not hold customer funds or securities. The customer's accounts are carried by a clearing broker.

The Company received 100% of its management fee revenue from Geneve Financial Services, another subsidiary of Laguna Beach Asset Management.

*Summary of Significant Accounting Principles*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Securities transactions and related commission revenues and expenses are recorded on a trade date basis.

The Company receives management fees for general consulting services provided on an as needed basis to the Parent.

Investment banking revenues include fees earned from providing private placement advisory services. Revenue is recognized when services are billed.

**Genève International Corporation**  
**Notes to Financial Statements**  
**December 31, 2005**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in net deferred tax assets or liabilities between years.

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money market accounts as cash equivalents.

**Note 2: TRANSACTIONS WITH AFFILIATED COMPANY**

The Company is a party to a management agreement with the Parent whereby the Parent provides office space, furniture and equipment, management services, and pays certain operating expenses on behalf of the Company. The Company reimburses the Parent for operating expenses and pays the Parent a management fee of up to 90% of the Company's net income, provided the withdrawal is not in violation of NASD regulations regarding net capital requirements.

The Parent has a subsidiary, Genève Financial Services, (GFS). Additionally, the Company receives a monthly retainer for general consulting services from the Parent. For the year ended December 31, 2005, the Company received \$7,500 for management fees from GFS.

**Note 3: INCOME TAXES**

For the year ended December 31, 2005 the Company recorded the minimum California Franchise Tax of \$800.

**Genève International Corporation**  
**Notes to Financial Statements**  
**December 31, 2005**

**Note 3: INCOME TAXES**  
**(Continued)**

The Company has available at December 31, 2005, unused operating loss carry forwards, which may be applied against future taxable income, resulting in a deferred tax asset of approximately \$9,852, that expires as follows:

Amount of unused operating loss carry forwards	Expiration during year ended December 31
\$ 33,390	2019
27,445	2021
2,258	2022
1,521	2023
<u>1,068</u>	2024
<u>\$ 65,682</u>	

A 100% valuation allowance has been established against this asset since management cannot determine if it is more likely than not that the asset will be realized.

**Note 4: RECENTLY ISSUED ACCOUNTING STANDARDS**

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("FAS 123R"), which requires the measurement and recognition of compensation expense for all stock-based compensation payments including grants of employee stock options. Stock options are a valuable and important tool used by many companies as a means to motivate employees and promote business growth. This statement eliminates the ability to account for such share-based compensation transactions using the intrinsic value method as prescribed by Accounting Principles Board, or APB, Opinion No. 25, "Accounting for Stock Issued to Employees," and requires that such transactions be reflected in the financial statements based upon the estimated fair value of the awards. In addition, there are a number of other requirements under the new standard that will result in differing accounting treatment than currently required. These differences include, but are not limited to, the accounting treatment for the tax benefit on employee stock options and for stock issued under an employee stock purchase plan.

FASB 123R becomes effective for all reports issued after June 15, 2005. Adoption of the new standard has not had a material effect upon the financial statements of the company.

**Genève International Corporation**  
**Notes to Financial Statements**  
**December 31, 2005**

**Note 5: NET CAPITAL**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2005, the Company had net capital of \$7,567, which was \$2,567 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$800) to net capital was 0.11 to 1, which is less than the 15 to 1 maximum ratio allowed for a broker/dealer.

**Note 6: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS**

There is a \$886 difference between the computation of net capital under net capital Sec. Rule 15c3-1 and the corresponding unaudited focus part IIA.

Net capital per unaudited schedule	\$ 8,453
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Adjustments:

Income taxes payable	\$ (800)
2% haircut on money market	<u>(86)</u>

Total adjustments	<u>(886)</u>
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Net capital per audited statements	<u><u>\$ 7,567</u></u>
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**Genève International Corporation**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2005**

**Computation of net capital**

**Stockholder's equity**

Common stock	\$ 12,750
Additional paid-in capital	64,314
Accumulated deficit	<u>(69,411)</u>

**Total stockholder's equity** \$ 7,653

Less: Non allowable assets

Furniture & equipment, net

Total adjustments

-  
-

**Net capital before haircuts** 7,653

Less: Haircuts on money market account

Total adjustments to net capital

(86)  
(86)

**Net Capital** 7,567

**Computation of net capital requirements**

Minimum net capital requirements

6 2/3 percent of net aggregate indebtedness

Minimum dollar net capital required

\$ 53  
\$ 5,000

Net capital required (greater of above) 5,000

**Excess net capital** \$ 2,567

Ratio of aggregate indebtedness to net capital 0.11: 1

There was a \$886 difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 report dated December 31, 2005. See Note 6.

**Genève International Corporation**  
**Schedule II - Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2005**

A computation of reserve requirement is not applicable to Genève International Corporation as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

*See independent auditor's report.*

**Genève International Corporation**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3**  
**As of December 31, 2005**

Information relating to possession or control requirements is not applicable to Genève International Corporation as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

*See independent auditor's report.*

**Genève International Corporation**  
**Supplementary Accountant's Report**  
**on Internal Accounting Control**  
**Report Pursuant to 17a-5**  
**For the Year Ended December 31, 2005**



# **BREARD & ASSOCIATES, INC.**

Certified Public Accountants

Board of Directors  
Genève International Corporation

In planning and performing our audit of the financial statements of Genève International Corporation for the year ended December 31, 2005, we considered its internal control structure, for the purpose for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by Genève International Corporation including tests of such practices and procedures that we considered relevant to objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the proceeding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

***We Focus & Care<sup>SM</sup>***

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Northridge, California 91324  
(818) 886-0940 • Fax (818) 886-1924  
[www.baicpa.com](http://www.baicpa.com)

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we considered to be material weakness as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purpose in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate material inadequacy for such purposes. Based on this understanding on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Breard & Associates, Inc.  
Certified Public Accountant

Northridge, California  
January 10, 2006